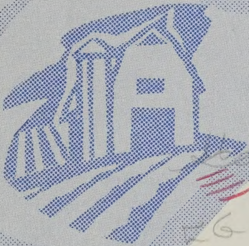
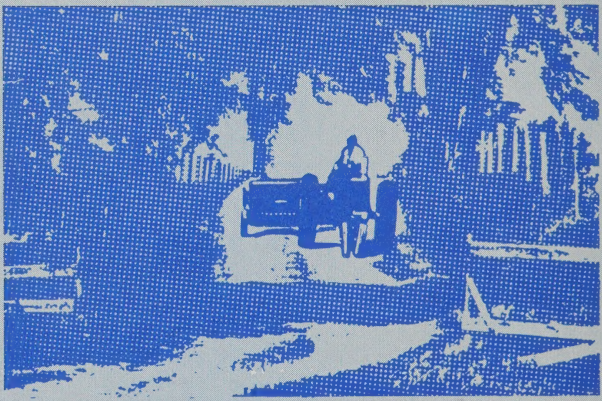


AGRICULTURAL OUTLOOK CANADA

1967

Information division

CANADA DEPARTMENT OF AGRICULTURE



This summary was prepared from outlook papers developed by inter-departmental committees of the federal government. The papers were sent to all provincial departments of agriculture for review and were presented at the Agricultural Outlook Conference held in Ottawa on November 22 and 23, 1966.

ECONOMIC PROSPECTS

World production and trade continue to move moderately higher. World economic growth strengthened in the early months of 1966, as it had in 1965.

For the industrial countries as a group, the prospect is for moderate growth to continue in 1967. This should sustain or increase exports of primary producing countries. Lower prices for some basic commodities suggest that foreign exchange earnings from primary exports may, however, increase only slightly.

Canadian economic activity is expected to increase again in 1967 but at a more moderate rate than in 1966. With the economy fully employed, pressures on wages and prices will be a continuing problem.

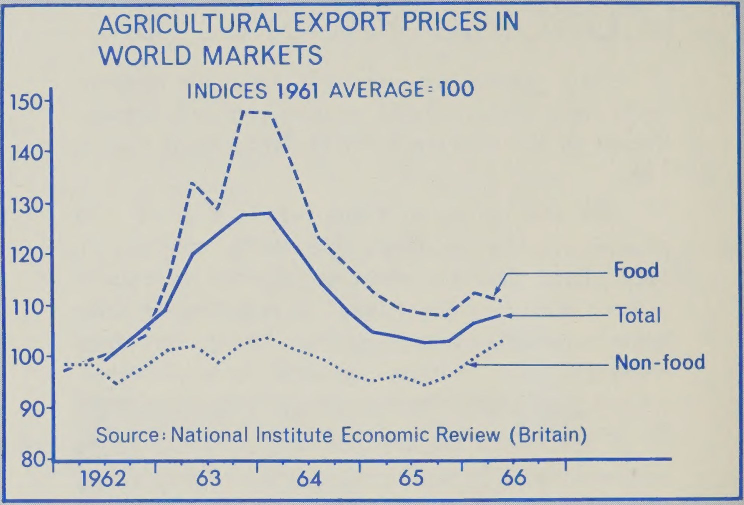
Canadian exports should remain firm and possibly strengthen with strong demand in most industrial countries. Wheat contracts with Communist countries add stability to the Canadian export trade.

For the first time, farm cash receipts in 1966 should reach $4 billion. The previous high was $3.8 billion in 1965.

Farm operating expenses and depreciation charges continued to move upwards in 1966. However, higher cash receipts probably more than offset the rising operating expenses. Thus, realized farm income is likely to be higher in 1966 than in 1965. After allowing for inventory changes, farm net income may be close to $2 billion, as against $1.7 billion in 1965.

In 1967, cash receipts should slightly exceed those for 1966, but operating expenses will rise faster so that realized farm net income may be lower than the 1966 figure.

The sharp decline in 1966 in the numbers of workers in farming brought the agricultural labor force down to 7.7 percent of all workers in Canada.



WHEAT and FLOUR

Supplies of WHEAT for the 1966-67 season are the highest on record at 1,266 million bushels. Exports of Canadian wheat and flour in the 1966-67 crop year should reach at least 530 million bushels – slightly less than the previous year's 583 million bushels. About 155 million bushels will be used in Canada. The addition to stocks in July 1967 of 178 million bushels will increase total stocks to 580 million bushels, but this is considered a reasonable level to support the expanded levels of trade.

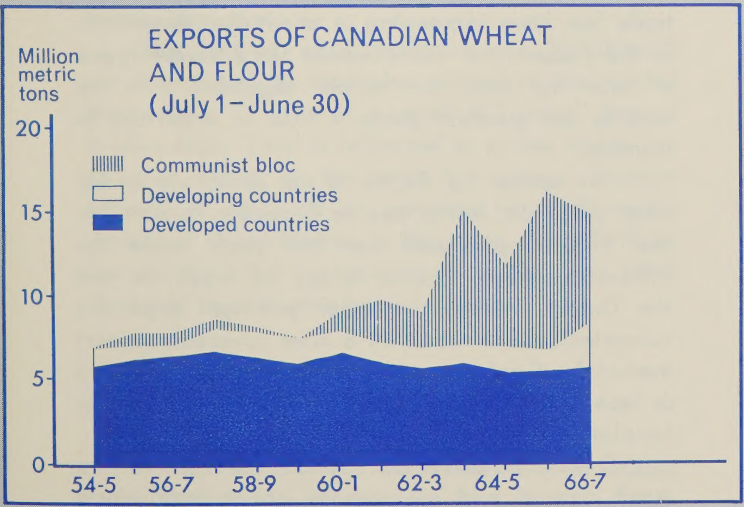
Prospects are for continued large exports, at least until 1970. Over the next three years exports should total between 475 and 550 million bushels. Sales to Western Europe and Japan are unlikely to exceed the recent annual average of 220 million bushels. Exports to developing countries have now increased to 75 million bushels, about one-half of which is due to a larger food aid program. Exports

to Communist Block countries continue to look excellent. Mainland China should take between 55 and a more likely 93 million bushels annually. Eastern Europe will probably account for 35 million bushels. The U.S.S.R. has a specific contract to take 112 million bushels by mid-1967 as part of the 336 million bushels agreement covering 1966-69.

Thus, continuing high-level production will be required but with recent average yields this can probably be achieved on 30 million acres.

FEED GRAINS

FEED GRAIN supplies for 1966-67 are at record levels. Exports can be expected to remain at the level of the past two years. The use of grain for livestock is not expected to rise as grain feed rates are already high and livestock numbers will increase only slightly. Thus end-of-season stocks will reach about 6 million tons.



OAT supplies are lower than in 1965 but will be sufficient to meet export and domestic needs. Stocks in July 1967 will decline to a low level, but the downward trend in acreage seems likely to continue.

BARLEY supplies are at record levels so that in July 1967 stocks will increase. Further switches from oats to barley seem likely as the recent upward trend in barley acreage continues.

CORN production in 1966 set a new record and domestic use could reach a new high. In the United States, the largest corn producer, demand is high and, as world import markets are strong, corn prices could remain higher during 1967 than in recent years.

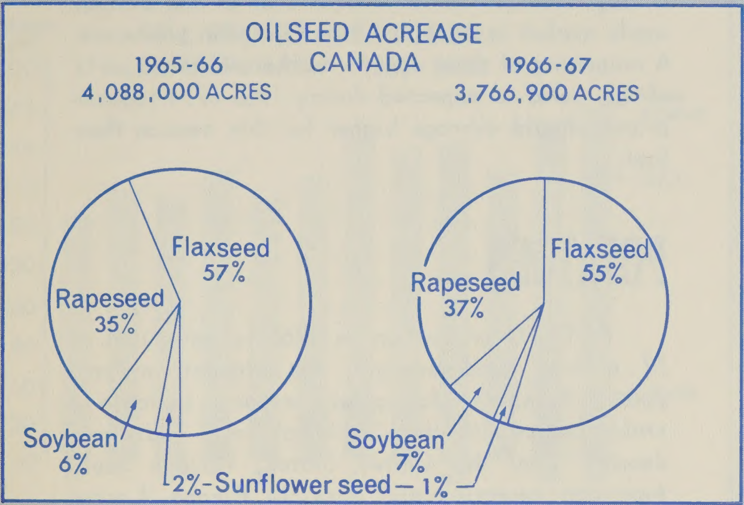
HAY supplies in Canada, with the exception of a few local areas, will be adequate for the season. Supplies of MILLFEEDS will be plentiful. Output of other high-protein supplements will be maintained.

OILSEEDS

World production of oils and fats has been increasing at a rate of 2.5 percent per year. World trade has been increasing at about the same rate. In the competitive world market for different types of oils and fats, the edible vegetable oils are making the greatest gains – this is important to Canada.

The market for FLAX is not so strong as for other oilseeds, but prices to Canadian farmers for the 1966 crop should not fall much below the 1964-65 average. Smaller crops in Argentina and the United States, the other principal exporting countries, could result in a more favorable export market for Canadian producers supplying the more or less static demand. Flax acreage in Canada has levelled off and may be declining.

Prices for Canadian RAPESEED show a firm trend upward and are already above last year's



levels. The continued buoyancy of soybeans, the pace-setter among oilseeds, assures a good market for Canadian rapeseed. The area suitable for this crop in Canada far exceeds the acreage thus far sown. As the market develops, Canada should be able to hold, if not enlarge, its present share of the world market.

The returns on Canadian-grown SOYBEANS are determined by the value placed on the United States crop. In spite of a record U.S. crop, demand is also high. This is reflected in prices which are up over those of the past two years. Soybean acreage is close to its optimum level. Expected increases in production in the years ahead will be due to the slight edge this crop has over other competitive cash crops such as corn.

APPLES

In 1966 almost 20 million bushels of apples were harvested – 11 percent less than in 1965.

During 1966-67 keener competition in the British apple market is expected from European producers. A reopening of some smaller markets in other parts of the world is expected during 1966-67. Producer prices should average higher for this season than last.

POTATOES

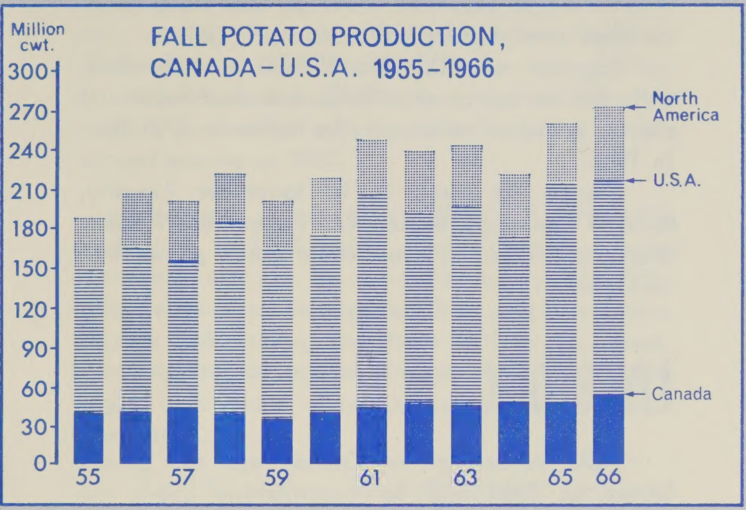
POTATO production in 1966 is estimated at 57 million hundredweight, the highest in forty years. Prospects for potato exports indicate a stable market in the Caribbean, with additional demand from the United States, various South American countries and possibly Europe. Larger North American supplies of potatoes may make prices in Canada during 1966-67 lower, on average, than last year.

SUGAR BEETS, DRY PEAS, and DRY BEANS

SUGAR BEET acreage in Manitoba and Alberta may increase in 1967. Further acreage recovery in Ontario may result from continued efforts by the sugar beet factory and the growers. Little change is expected in Quebec.

A strong market for DRY PEAS indicates that the 1966 crop will find markets without difficulty. Increased production in 1967 and in the following two or three years seems warranted.

Prices for DRY BEANS are expected to remain firm. The demand for white beans in Britain is strong, and Canadian exports could be greatly expanded if production can be increased. Prospects for exports of red kidney beans to the Carribean are also considered good.



TOBACCO

The domestic consumption of flue-cured TOBACCO is expected to increase at the rate of 5 to 6 million pounds, redried weight, each year during the next three or four years. There is an opportunity to expand exports to considerably higher levels than in past years if a supply of high-quality, competitively priced tobacco can be assured. The current situation indicates that a production of approximately 250 million pounds, green weight, of flue-cured tobacco will be needed in 1967 to satisfy expected demand and build up stocks to about a 16-month supply.

SEEDS

No difficulties are expected for the 1967 planting season with SEED SUPPLIES of oats, barley, flax, soybeans, or wheat except Manitou.

Prices of rapeseed are high and supplies of certified seed may be short.

Supplies of FORAGE SEEDS are adequate, with the exception of alfalfa and double-cut red clover, prices of which may be higher in 1967 than in 1966.

Prices are likely to be lower for Timothy, Meadow Fescue, Creeping Red Fescue and Alsike. Brome grass and crested wheat grass prices will be higher.

LIVESTOCK

HOG marketings in Canada and the United States in 1967 will be considerably above the levels of 1966. Average prices for hogs in Canada in 1967 will be below 1966 levels. Winter prices will stay close to fall levels, but spring prices may show some improvement followed by a summer peak. Prices are expected to decline in the fall but should not be very different from those of a year earlier.

Supplies of fed-BEEF in 1967 are expected to be about the same as in 1966. Cattle prices in 1967 should average above 1966 levels. Total numbers of beef cattle slaughtered in Canada and the United States, while herds are being rebuilt in the next two to three years, will be lower than in the past two years.

VEAL prices in 1967 are expected to remain high.

SHEEP marketings in 1967 will probably decline and prices should average above 1966 levels. The WOOL clip will also decrease.

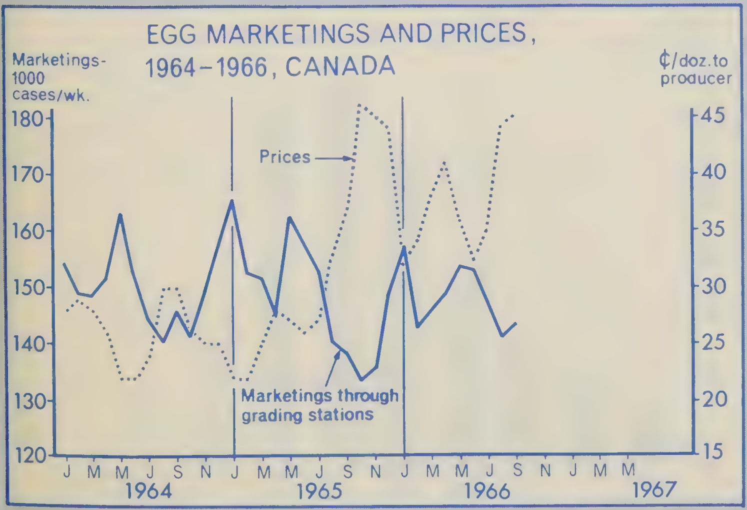
EGGS and POULTRY

EGG marketings in early 1967 will continue to rise with the larger pullet chick placements in the summer and fall of 1966. Egg prices during

early 1967 will be lower than the high levels a year earlier. Prospects for profits from eggs in 1967 are less favorable than a year ago. Further expansion beyond normal replacement will lead to surplus production and depressed markets in the second quarter of 1967.

The rate of growth in BROILER CHICKEN production in 1967 could slacken because profit prospects are not so favorable as during 1966. More competition is expected from larger supplies of pork and turkeys, but there will be less beef. Quota control by broiler chicken marketing boards might also exert a restraining effect on overproduction.

The 1967 outlook for TURKEYS is similar to that for broiler chickens. Production costs are up and the price outlook is less strong. Broiler turkey production is likely to continue to move upward in 1967 because new units have already been constructed.



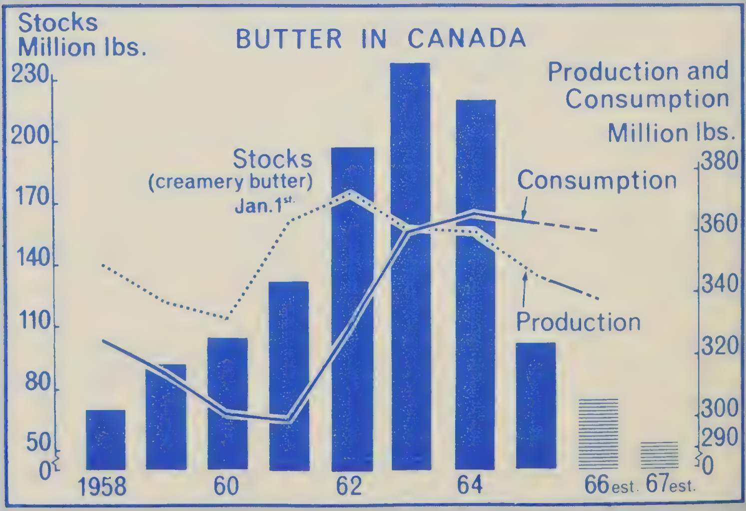
DAIRY PRODUCTS

Little change in MILK production in 1967 is expected, with output at about 18.2 billion pounds. Total FLUID MILK and CREAM consumption is forecast at 6.1 billion pounds. Production of CHEDDAR CHEESE is expected to rise to 170 million pounds.

Production of EVAPORATED MILK is unlikely to change. Output of DRY SKIM MILK may reach 265 million pounds, with domestic consumption taking 150 million pounds, thus leaving substantial quantities for export.

ICE CREAM consumption may benefit from increased tourism in 1967, and sales should climb by 4 percent to 27.5 million gallons of ice cream mix.

Production of creamery BUTTER in 1967 should be similar to the previous year's figure of 330 million pounds. Consumption of creamery butter is, however, likely to be maintained close to the 1966 level of 353 million pounds.



ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

Cat. No.: A21–167

RETURN ADDRESS

INFORMATION DIVISION

CANADA DEPARTMENT OF AGRICULTURE

OTTAWA

CANADA

POSTAGE PAID

PORT PAYÉ